MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2015/2016

BAB2024 – MANAGEMENT ACCOUNTING FOR MANAGERS

(All sections / Groups)

13 OCT 2015
2.30 p.m - 4.30 p.m
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of 5 pages with 4 Questions only.

2. Answer **ALL** Questions in the answer booklet provided.

Question 1

Part A

Mellon Company, a manufacturing firm, has supplied the following information from its accounting records for the year 2008:

	RM'000
Purchases of raw materials	76,000
Direct labour cost	52,500
Factory supplies	5,300
Factory insurance	1,050
Commissions paid	7,500
Factory supervision	9,675
Advertising	2,400
Material handling	11,000
Work-in-process inventory, December 31, 2007	47,500
Work-in-process inventory, December 31, 2008	42,000
Materials inventory, December 31, 2007	10,400
Materials inventory, December 31, 2008	28,500
Finished goods inventory, December 31, 2007	20,055
Finished goods inventory, December 31, 2008	10,750

Required:

a) Prepare a statement of cost of goods manufactured.

(10 marks)

b) Prepare a statement of cost of goods sold.

(4 marks)

c) What is the total prime cost?

(2 marks)

d) What is the total conversion cost?

(2 marks)

Part B

a) Describe the **THREE (3)** major activities of a manager.

(3 marks)

b) What are the **FOUR (4)** steps in the planning and control cycle?

(4 marks)

(Total 25 marks)

Continued...

Question 2

Candy Land Sdn Bhd produces a special type of sweets. The sweets are sold in 10-ounce box and each box sells for RM 5.60.

The variable unit costs for each box of sweets are as follows:

	RM
Peanuts	0.70
Sugar	0.35
Butter	1.85
Other ingredients	0.34
Box & packing materials	0.76
Selling Commission	0.20

Fixed manufacturing overhead cost is RM 32,300 per year. Fixed selling and administration cost is RM 12,500 per year. Candy Land Sdn Bhd sold 35,000 boxes of sweets for the year.

Required:

a) What is the contribution margin per unit for a box of sweet?
(3 marks)

b) What is the contribution margin ratio?
(3 marks)

c) How many boxes of sweet must be sold to break-even (break-even point)?
(3 marks)

d) What is the break-even sales revenue?
(3 marks)

e) What is Candy Land Sdn Bhd's operating income for the year?
(3 marks)

f) What is the margin of safety in RM?
(3 marks)

g) Suppose that Candy Land Sdn Bhd raises the price to RM 6.20 per box but anticipates sales will drop to 31,500 boxes.

i) What will be the new break-even point in units?
(3 marks)

ii) Should Candy Land Sdn Bhd raise the price? Explain.
(4 marks)

(Total 25 marks)

Continued...

Question 3

Part A

Paradise Beverages Sdn Bhd makes blended fruits drinks in two stages. Fruit juices are extracted from fresh fruits and then blended in the Mixing Department. The blended juices are then bottled and packed for shipping in the Bottling Department. The following information relates to the operations in the Mixing Department for June:

Units	
W.I.P June 1	20,000
Direct Materials: 100% complete	
Conversion Cost: 75% complete	
Units started into production	180,000
W.I.P June 30	40,000
Direct Material: 100% complete	
Conversion Cost : 25% complete	

Cost	**RM**
W.I.P June 1	
Direct Materials: 100% complete	25,200
Conversion Cost: 75% complete	24,800
Cost incurred in June	
Direct Material	334,800
Conversion Cost	238,700

Required:

a) Compute the physical unit flow (4 marks)

b) Compute the equivalent units for the Mixing Department (5 marks)

c) Compute the cost per equivalent units for the Mixing Department (6 marks)

d) Prepare a cost reconciliation schedule. (6 marks)

Continued...

Part B

What effect does an increase in volume have on:-

i. Unit fixed cost

ii. Unit variable cost

iii. Total fixed cost

iv. Total variable cost

(4 marks)

(Total 25 marks)

Continued…

Question 4

Plastic Manufacturing Sdn Bhd manufactures plastic bottles of a specific size (800ml) for sale to various industries. The sales price per bottle is RM 8.00 per bottle. Sales projections for the first five (5) months of the coming year shows the estimated unit sales of plastic bottles each month as follows:

Month	**Number of plastic bottles to be sold**
January	3,200
February	3,000
March	3,500
April	4,300
May	4,600

Beginning inventory at the start of the year (1^{st} January) was 800 bottles. The desired ending inventory of bottles at the end of each month for the coming year should be equal to 25% of the following month's budgeted sales. Each bottle requires two (2) pounds of high density polyethylene plastic (a type of plastic). The Company wants to have 20% of the high density polyethylene plastic required for next month's production on hand at the end of each month. The high density polyethylene plastic cost RM 2.50 per pound. Each unit of bottle requires two (2) direct labour hours to produce. The direct labour cost per hour is RM 10 per hour.

Required:

(a) Prepared a sales budget for each month of the 1^{st} Quarter

(4.5 marks)

(b) Prepare a production budget for each month of the 1^{st} Quarter, including production in units for each month of the 1^{st} quarter.

(6 marks)

(c) Prepare a direct materials budget for the high density polyethylene plastic for each month in the 1^{st} quarter of the year, including the pounds of high density polyethylene plastic required and total cost of the high density polyethylene plastic to be purchased.

(10 marks)

(d) Prepare a direct labour budget for each month in the 1^{st} Quarter.

(4.5 marks)

(Total 25 marks)

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